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Roy Wenzlick
Editor

A concise easily digested monthly analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values...Current Studies...Surveys...Forecasts

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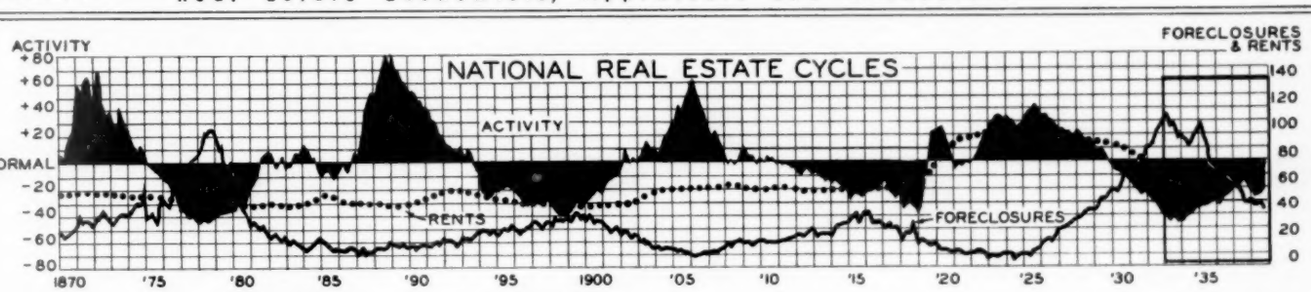
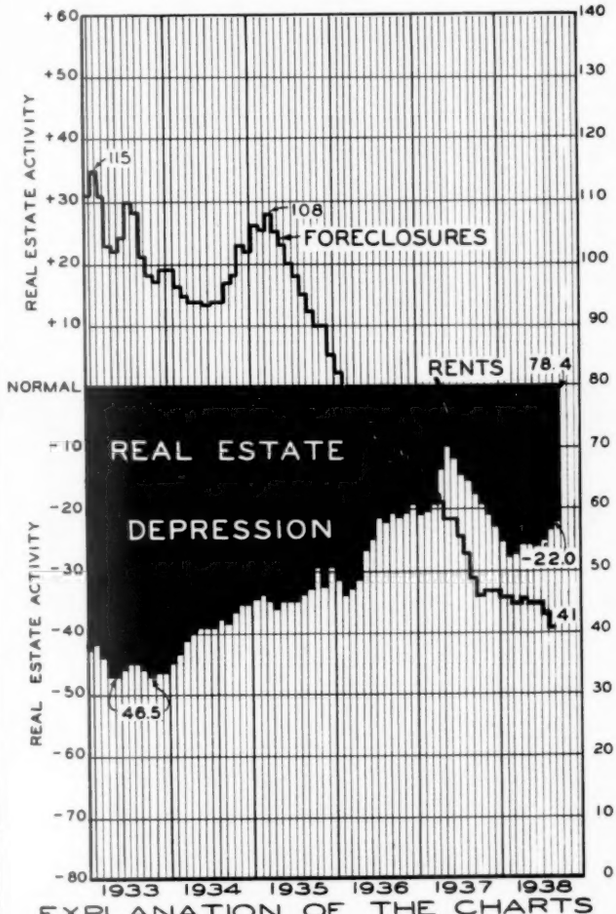
VOLUME VII

Real Estate Economists, Appraisers and Counselors





EXPLANATION OF THE CHARTS

The charts above show booms and depressions in real estate from 1870 to the present. The large black areas above the line represent the real estate booms and the black areas below the line represent the real estate depressions.

The level of residential rents, indicated by the dotted red line, is charted, not as a percentage above or below a normal line, but as an index (1926=100) from the bottom of the chart and is read on the right hand scale, as is the index of the number of foreclosures per month per 10,000 families, shown by the solid red line. The lower chart is the last six years of the upper chart enlarged to show monthly fluctuations.

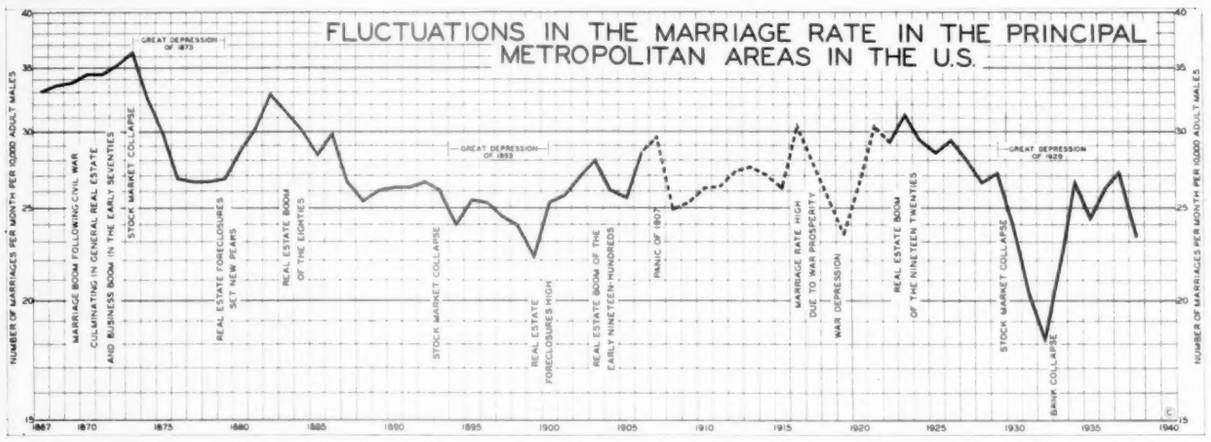
REAL estate sales, after correction for seasonal influences, increased considerably in the United States in September in spite of the war scare in Europe, bringing them to within 22% of normal. At the bottom of the depression they were 46.5% below normal, and at the top of the boom they were 41% above normal.

Foreclosures dropped again, reaching a new low for the recovery.

New building showed the largest gain in comparison with a year ago experienced in a number of years.

Rents showed practically no change, dropping by one-tenth of a per cent.

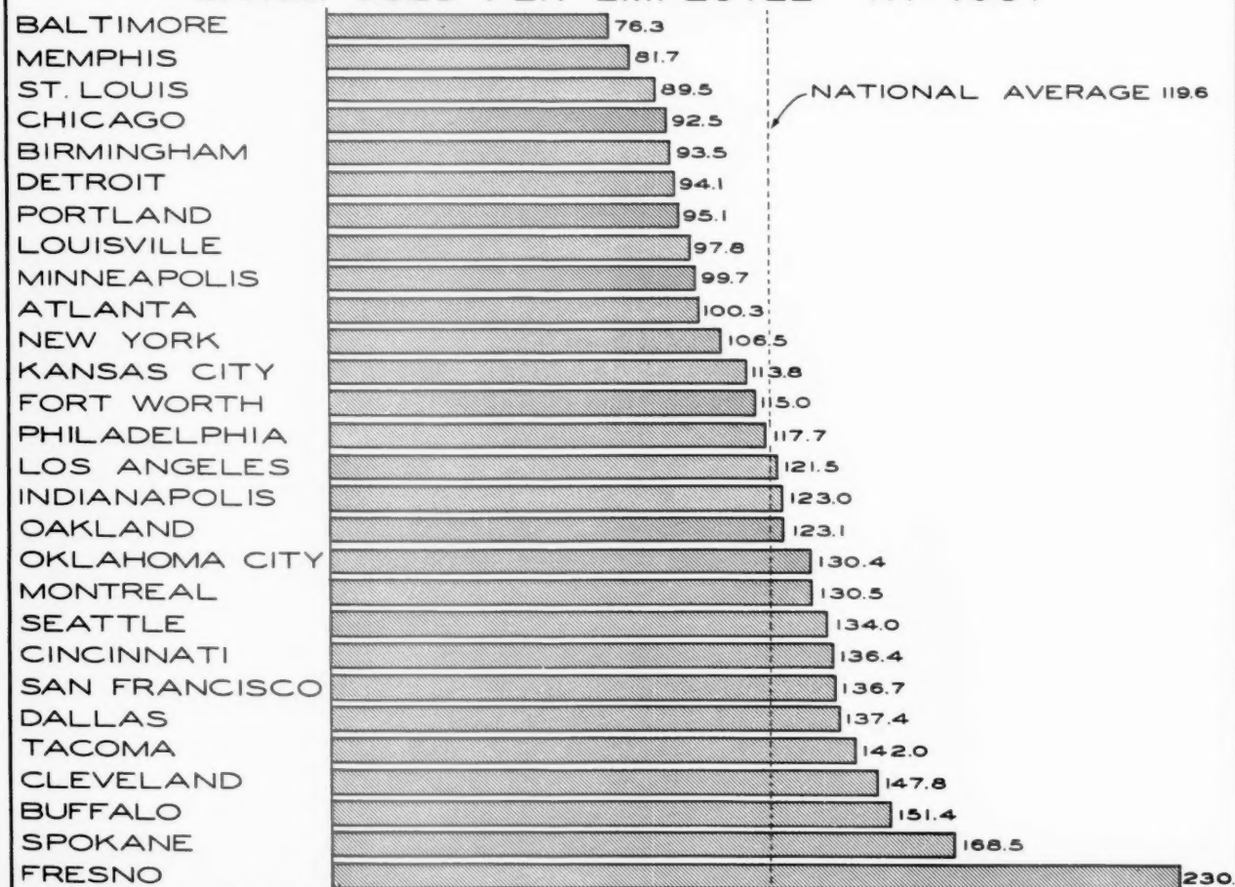
The general business outlook, at least for the next six months, is splendid. The rapid increases in the values of stocks during the past month indicate that informed investors are extremely optimistic. We believe that the real estate and building field, which advanced during the last few months in the face of the obstacles that proved powerful depressants to general business, will advance still more rapidly when the general trend is upward.


FLUCTUATIONS IN THE MARRIAGE RATE IN THE PRINCIPAL METROPOLITAN AREAS IN THE U.S.
NUMBER OF MARRIAGES PER MONTH PER 10,000 ADULT MALES
MARRIAGE BOOM FOLLOWING CIVIL WAR CULMINATING IN GENERAL REAL ESTATE AND BUSINESS BOOM IN THE EARLY SEVENTIES
GREAT DEPRESSION OF 1873
STOCK MARKET COLLAPSE
REAL ESTATE FORECLOSURES SET NEW PEAKS
REAL ESTATE BOOM OF THE EIGHTIES
GREAT DEPRESSION OF 1893
STOCK MARKET COLLAPSE
REAL ESTATE FORECLOSURES HIGH
REAL ESTATE BOOM OF THE EARLY NINETEEN-HUNDREDS
PANIC OF 1907
MARRIAGE RATE HIGH DUE TO WAR PROSPERITY
WAR DEPRESSION
REAL ESTATE BOOM OF THE NINETEEN TWENTIES
STOCK MARKET COLLAPSE
GREAT DEPRESSION OF 1929
BANK COLLAPSE
1867 1870 1875 1880 1885 1890 1895 1900 1905 1910 1915 1920 1925 1930 1935 1940

THE chart above shows the fluctuations of the marriage rate since 1867. It will be noticed that each major depression has caused a drop in the rate, with a rise during the following recovery of business. The drop during the depression which started in 1929 was greater than any preceding drop. The rise after the drop has been quite rapid,but this rise has been interrupted by the setback of this past year. Monthly figures (this chart is on an annual basis) indicate that the rate has resumed a rapid rise.

An increase in the marriage rate increases the demand for homes, for furniture, and for all types of household appliances. A marriage boom has generally preceded a real estate boom.

AVERAGE NUMBER OF SQUARE FEET OF OFFICE SPACE USED PER EMPLOYEE IN 1937



These averages are computed from figures on square feet of rentable area, vacancy and building populations compiled by the National Association of Building Owners and Managers.

THE FLUCTUATION OF RENTS SINCE 1916

THE charts in this report on pages 1078 to 1081 show the fluctuations of residential rents from 1916 to the present in 32 cities of the United States. This spread consists of two totally different sets of rent figures, both prepared by the-Bureau of Labor Statistics in Washington.

The first series of 32 cities is based on rents paid by families of wage earners and lower salary groups as this information has been periodically determined by investigators of the Bureau of Labor Statistics. We have charted the material here, using 1917 as 100 on our index for most cities; but in those cities where rent increases had started prior to that date, the charts were drawn on a base which would make them more nearly comparable with the other cities. This, for instance, was particularly true of Washington, D.C., where in 1916, 1917 and 1918 a tremendous amount of war activity on the part of the government had brought about a condition of high rents, while in other parts of the country at that time rents were relatively low. The red line on each of these charts shows the national average for comparative purposes.

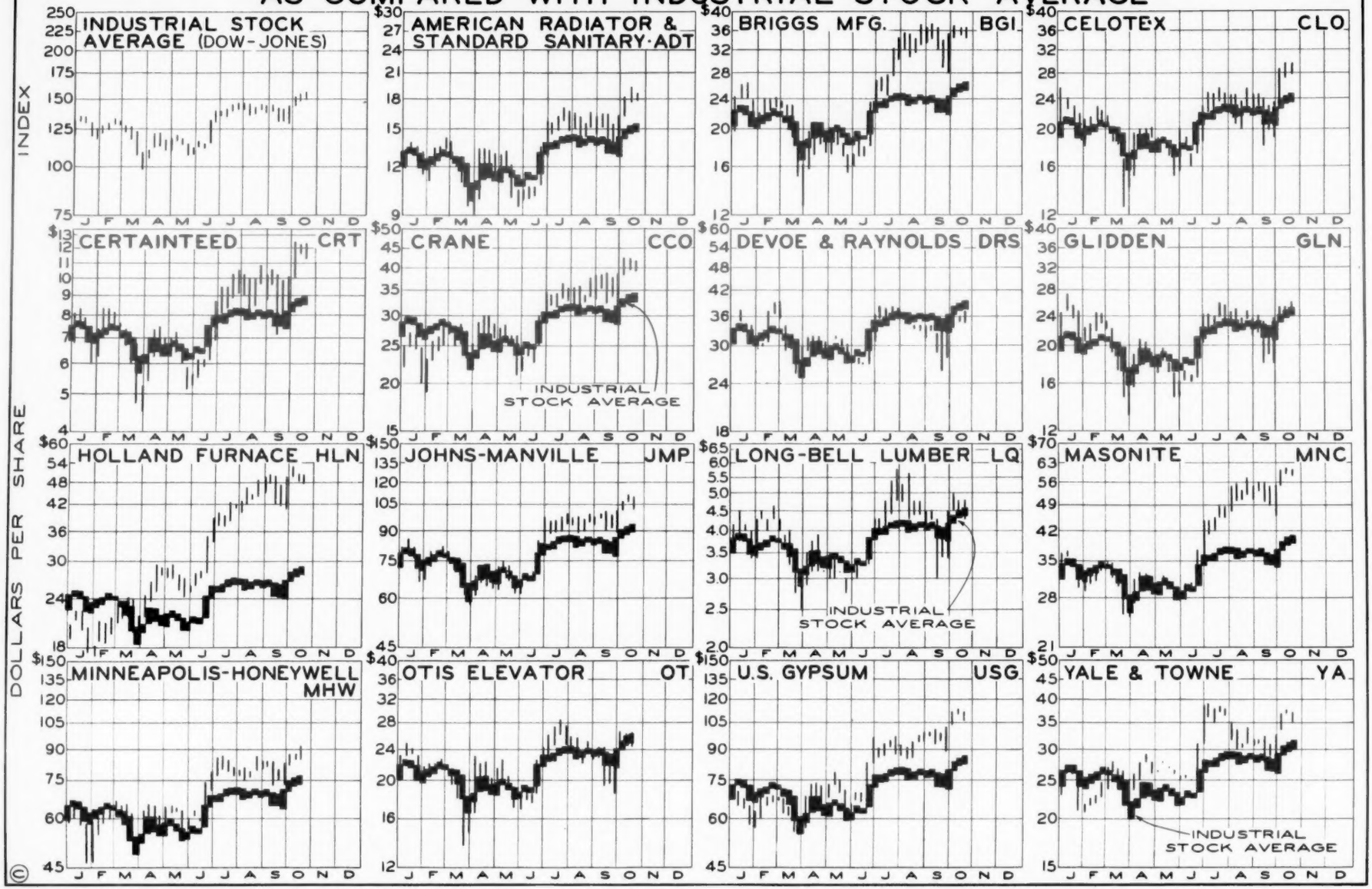
The series of charts on the right of the spread shows the new index of the Bureau of Labor Statistics which will eventually cover the same 32 cities covered in their earlier studies. This index is intended to be an index of general rentals rather than those of the lower income groups only. We believe that it will form the most accurate index obtainable in the 32 cities covered. Unfortunately, however, it is available quarterly only, and then several months in arrears.

The actual index numbers from which these charts are drawn are given on page 1082, including the figures for Minneapolis which are available as we go to press. The national average of the new series is ours, and is tentative, as the Bureau of Labor Statistics will not compute a national average until their studies are completed.

It will be noticed that rent levels during the last boom were quite different in various cities. In those cities where rapid growth brought about a marked shortage of housing accommodations, rents rose farther than they did in those cities having little increase. Theoretically, a city which was losing population at a rate sufficient to offset demolition and obsolescence; viz., one in which the total supply of acceptable housing accommodations remained slightly in excess of the need without new building taking place; would have a rent level which would not increase even though the cost of new construction doubled. The increased cost of construction increases rent levels only when new building is necessary to satisfy an effective demand.

The law of supply and demand is fundamental. If the demand in any city is greater than the local supply of housing accommodations, rents and values in that city will increase to the point at which new building can be profitably engaged in. Rents will never rise very much above the point necessary to pay a return on comparable new accommodations.

FLUCTUATIONS OF BUILDING MATERIAL STOCKS
AS COMPARED WITH INDUSTRIAL STOCK AVERAGE



FLUCTUATIONS OF BUILDING MATERIAL SECURITIES

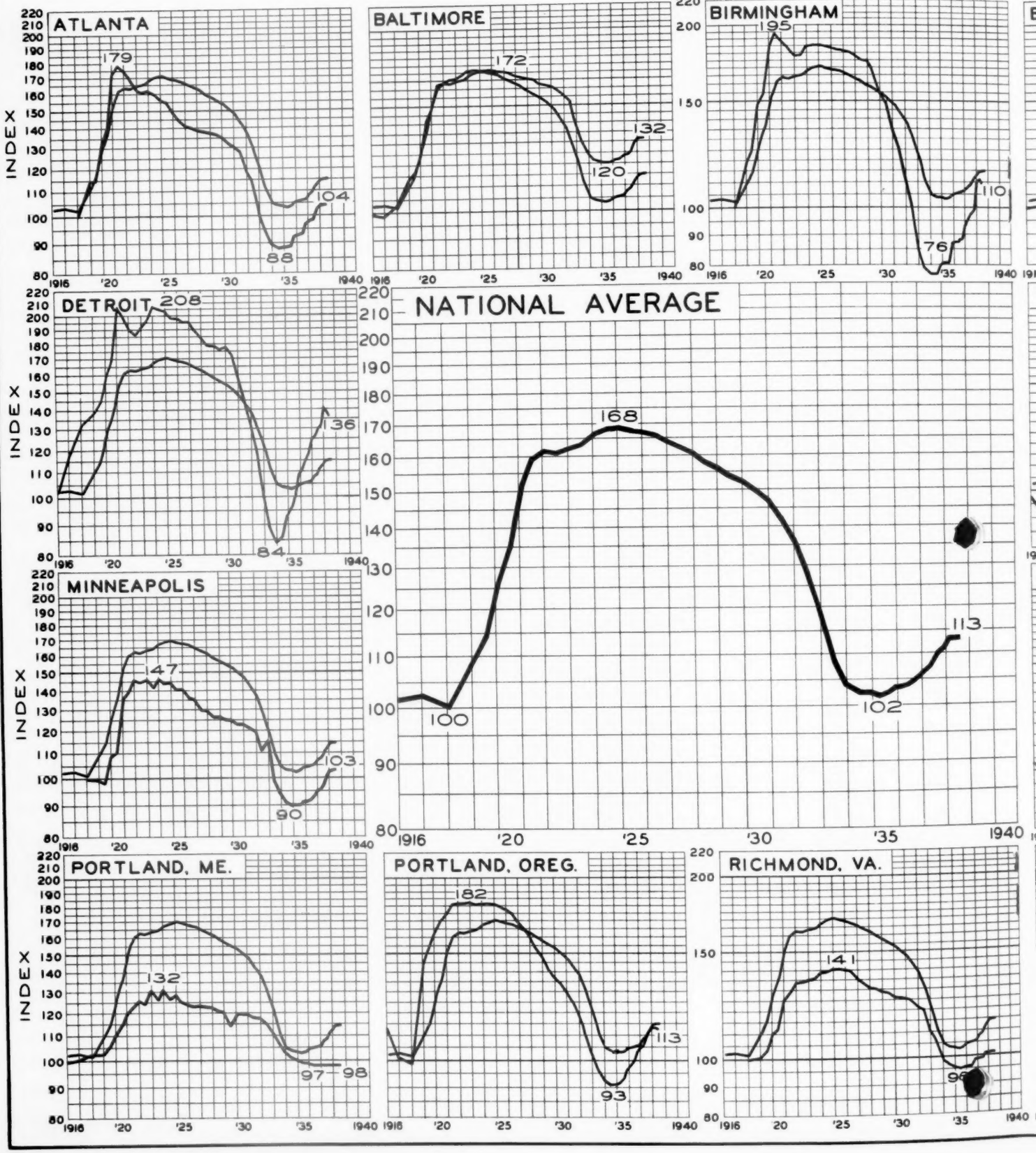
ON the page opposite,we show the weekly fluctuations of fifteen building material stocks listed on the New York Stock Exchange, in comparison with the fluctuations of the Dow-Jones Industrial Stock Price Average. The Dow-Jones Average is shown in the chart in the upper left hand corner. There this average is charted on exactly the same basis as are the figures for the other fifteen stocks. The Dow-Jones Average is repeated, however, on each of the other charts in the red curve, but in each of these charts, the Dow-Jones Average has been moved up or down so that the best overlap was obtained during the early part of 1938.

As all traders in the market know,there are general fluctuations due to changes in general confidence, and to events, which,it is believed, will effect the levels of future earnings. These general movements of the market are reflected to a greater or less degree in practically all listed securities. If the average of the market advances by ten points, by far the greater percentage of all stocks on the market will advance, although some will advance by a far greater percentage than others. If the market drops ten points,the greater number of all stocks will drop, regardless of the individual outlook for particular issues. Of course, again, the percentage of drop will vary greatly. Those stocks with the best outlook will drop least,and those with the poorest outlook will drop by the greater percentage.

From many standpoints the average of all stocks might be considered as sort of a normal by which any particular stock might be judged. It will be noticed that there has been considerable variation in the ways these various stocks have reacted to the rapid recent increases in residential building. Holland Furnace has had the most phenomenal increase, due probably to the fact that it manufactures heating equipment quite frequently used in many of the lower priced homes (the very great percentage of the residential building going forward throughout the United States now is in a price range of $6000 or less). In contrast with Holland Furnace, Otis Elevator has fluctuated very nearly as the average of the market, showing that the increase in building thus far has had comparatively little effect on this stock. This is quite logical, as clearly, the period in which a large volume of elevator buildings will be built is still some years in the future. In the meantime, the principal business of this company has been the installation of units in older buildings being modernized. This modernization program has been going on for some years, and has not been greatly accelerated in the recent past. Devoe & Raynolds and Glidden have both followed the fluctuations of the industrial average in a rather close fashion, without any pronounced increase above it. Most of the other stocks we have charted have been more or less favorably affected. Those stocks, however,which depend for their earnings on the construction of larger residences, industrial or commercial buildings,will not get their maximum rise until the future can be more definitely predicted in these fields.

The letters following the name of each building material stock are the ticker symbols for that stock.

FLUCTUATIONS OF RE



F RESIDENTIAL RENTS IN THIRTY-TWO CITIES —— I

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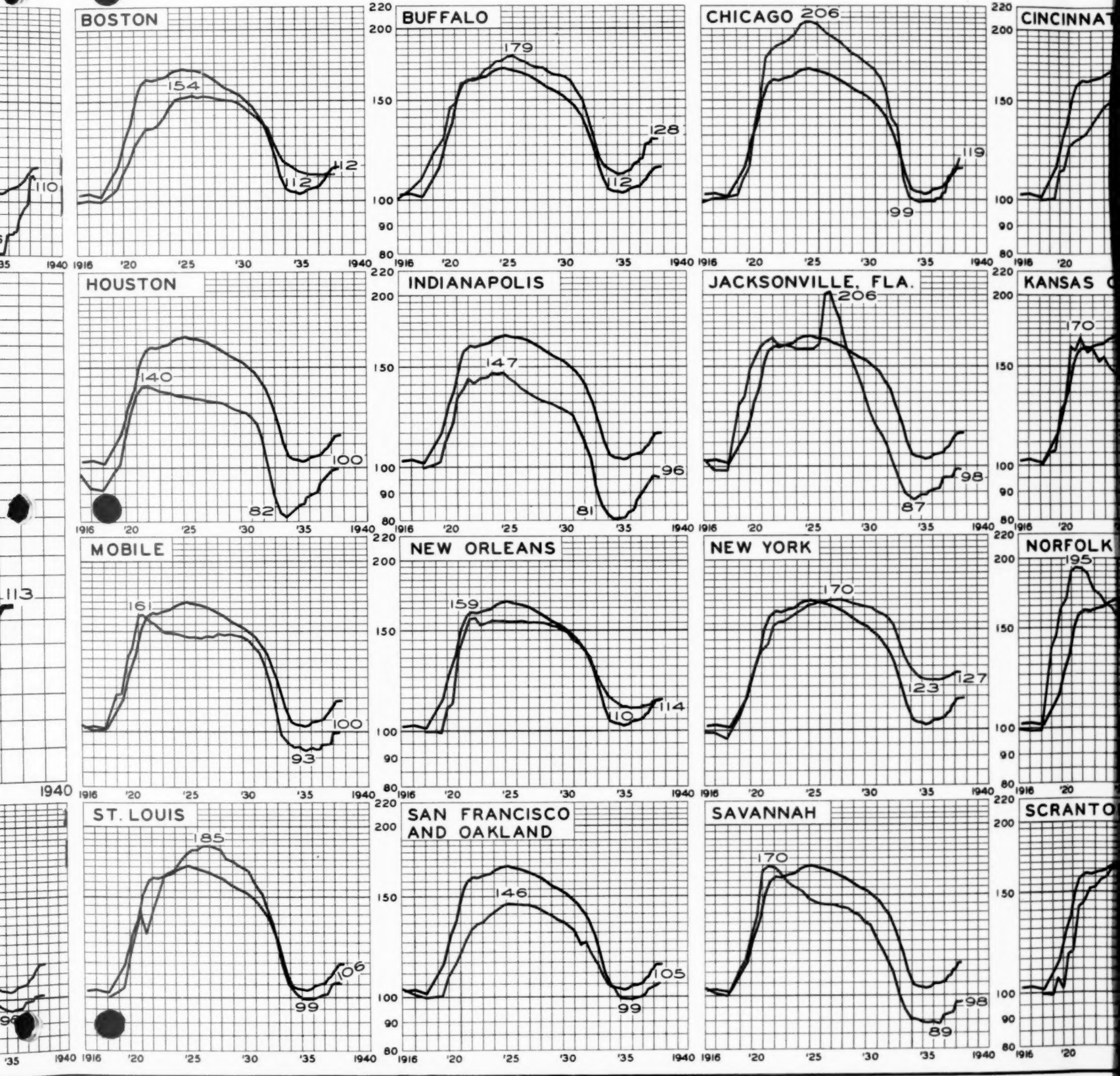
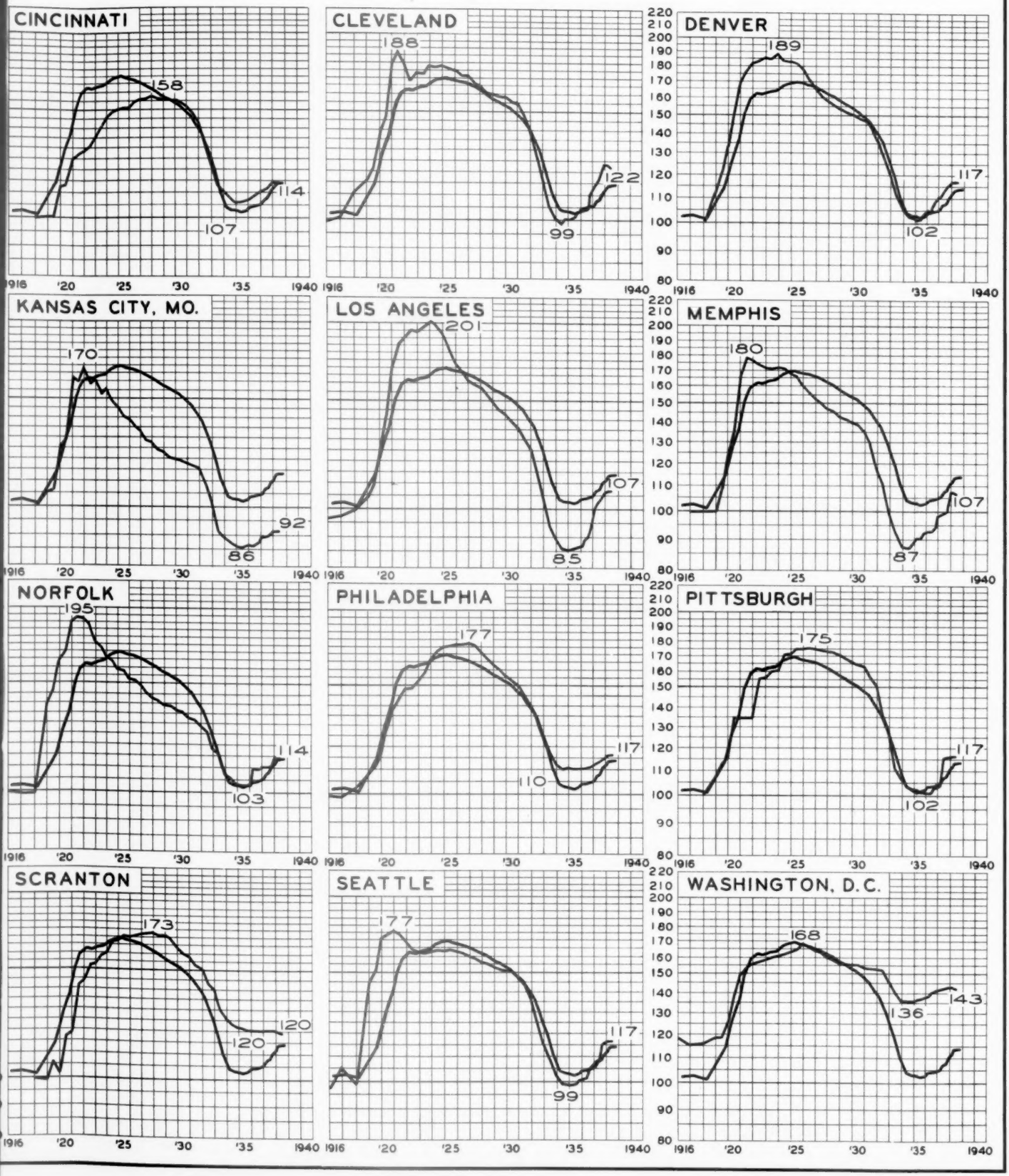
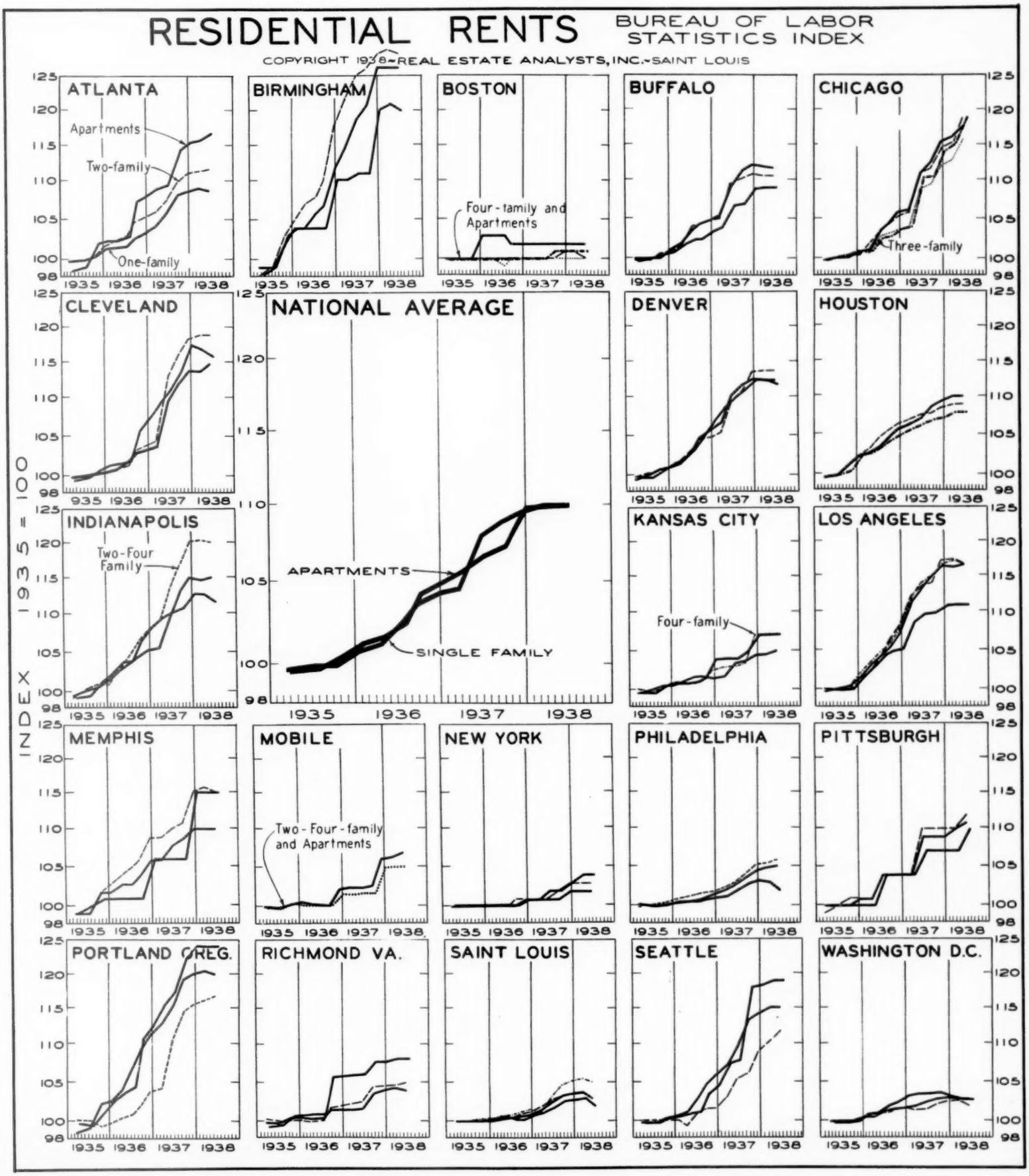


1916 - TO DATE



INDEX 1935 = 100


RESIDENTIAL RENTS
BUREAU OF LABOR STATISTICS INDEX
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INDEX 1935 = 100
ATLANTA
Apartments
Two-family
One-family
BIRMINGHAM
BOSTON
Four-family and Apartments
BUFFALO
CHICAGO
Three-family
CLEVELAND
NATIONAL AVERAGE
APARTMENTS
SINGLE FAMILY
DENVER
HOUSTON
INDIANAPOLIS
Two-Four Family
KANSAS CITY
Four-family
LOS ANGELES
MEMPHIS
MOBILE
Two-Four-family and Apartments
NEW YORK
PHILADELPHIA
PITTSBURGH
PORTLAND OREG.
RICHMOND VA.
SAINT LOUIS
SEATTLE
WASHINGTON D.C.
1935 1936 1937 1938

BUREAU OF LABOR STATISTICS RENT INDEX

THE index numbers below show the fluctuations in rents for various types of residential properties in twenty-two cities. The average for each type of property in each city in 1935 is considered as 100. These are the new indexes being worked out by the Bureau of Labor Statistics and should not be confused with their other indexes, which attempt to measure primarily the rent fluctuations of housing occupied by the lower income groups.

This index will eventually contain the same thirty-two cities which are included in the other index of the Bureau of Labor Statistics (charted on pages 1078-1079 in this report).

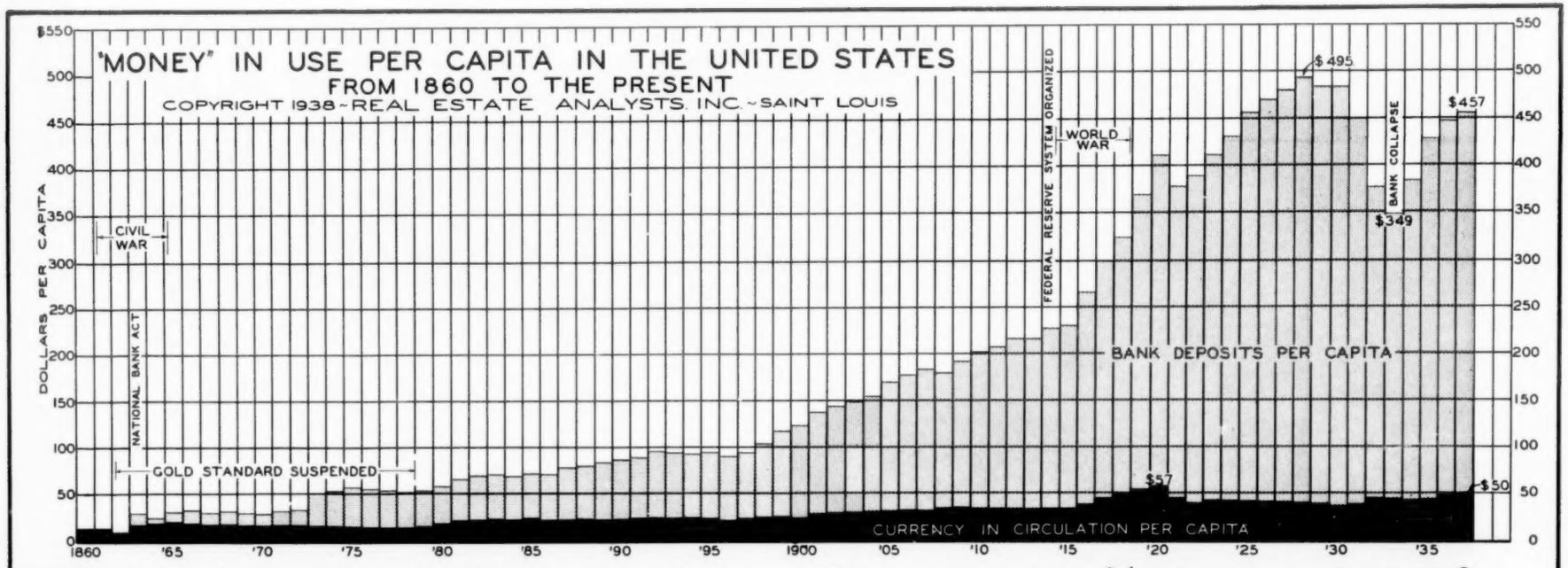
The figures for Minneapolis shown in this table are not charted on page 1081 as they were received from Washington too late to be included in the charts.

City	1935 Mar.	1935 July	1935 Oct.	1936 Jan.	1936 April	1936 July	1936 Sept.	1936 Dec.	1937 Mar.	1937 June	1937 Sept.	1937 Dec.	1938 Mar.	1938 June
Atlanta														
One-family	99.5	99.8	100.7	101.5	101.5	101.9	102.9	103.4	104.5	104.1	109.5	109.0	109.7	109
Two-family	99.6	99.8	100.6	101.9	102.5	103.0	104.8	105.5	106.5	107.6	110.0	111.2	111.6	112
Four-family	99.9	99.9	100.2	100.5	101.0	101.4	102.5	103.2	103.9	103.4	103.4	109.2	108.5	108
Apartments	98.6	99.1	102.2	102.6	102.6	103.3	97.4	108.1	109.1	109.7	114.8	115.6	116.2	117
Other (1)	99.9	99.9	100.2	101.4	101.4	101.4	101.5	102.7	104.1	104.1	108.7	109.9	111.0	110
Birmingham														
One-family	99	99	102	104	104	106	107	112	115	119	121	141	141	141
Two-family	98	99	103	105	107	108	110	118	122	125	126	141	142	141
Four-family	96	97	107	107	108	108	108	114	116	116	118	140	131	131
Apartments	98	99	103	104	104	104	110	110	111	111	120	121	121	120
Boston														
One-family	100	10	100	10	103	103	102	102	102	102	102	102	102	102
Two-family	100	100	100	100	100	100	100	100	100	100	100	101	101	100
Three-family	100	100	100	100	100	99	100	100	100	100	100	100	100	100
Four-family and apartments	10	100	100	10	100	100	100	100	100	100	101	101	101	101
Suburbs--all types	100	100	10	100	100	100	100	100	101	101	101	101	101	
Buffalo														
One-family	100.0	100.0	100.0	101.2	102.0	103.8	104.4	10.0	105.8	109.3	111.6	112.4	112.5	112
Two-family	99.7	99.9	100.5	10.9	101.9	104.0	104.4	105.1	105.2	109.8	110.4	110.9	110.8	111
Apartments	99.7	10.0	10.5	10.7	101.7	102.4	102.4	103.4	103.9	10.6	106.9	108.9	108.9	109
Other	100.0	99.9	100.1	102.6	10.5	105.5	105.4	106.4	106.5	110.7	111.8	114.7	115.1	115
Chicago														
One-family	99.7	100.1	100.2	101.0	101.2	103.6	104.3	104.1	104.6	111.2	112.7	115.6	116.3	118
Two-family	99.8	100.0	100.2	100.6	101.6	103.6	104.0	104.6	105.9	110.9	111.8	114.9	115.3	119
Three-family	99.8	99.9	100.3	100.6	101.0	102.9	103.1	103.5	104.7	108.9	109.6	112.2	112.9	116
Four-family and apartments	99.7	100.1	100.2	100.8	100.9	102.6	102.8	103.6	103.9	110.2	110.6	114.1	114.7	119
Other	99.9	100.0	100.2	100.6	100.8	101.9	102.3	102.8	104.0	104.4	107.3	109.8	110.5	116
Cleveland														
One-family	99.8	100.0	100.2	100.4	100.7	101.8	103.0	103.4	103.9	109.7	112.2	113.9	113.9	115
Two-family	99.8	100.0	100.2	100.4	100.7	101.5	103.3	103.8	104.5	113.2	116.3	118.6	119.1	119
Four-family	99.8	100.1	100.1	100.2	101.2	102.1	104.1	104.6	104.2	113.0	114.6	117.4	119.8	118
Apartments	99.4	99.8	100.8	101.3	101.6	101.9	104.6	107.6	109.3	111.1	114.9	117.7	117.4	116
Other	100.0	100.0	100.0	100.0	100.2	101.1	103.6	105.9	106.6	111.0	115.8	119.2	118.8	118
Denver														
One-family	99.5	100.0	100.8	101.1	101.5	103.1	104.9	104.0	106.8	110.2	111.8	112.6	112.5	113
Two-family	99.5	100.0	100.5	101.0	101.7	103.2	104.3	104.9	105.6	109.6	111.1	113.5	113.6	114
Apartments	99.7	99.7	100.6	101.5	101.9	103.2	104.6	104.6	104.6	109.9	111.1	112.5	112.5	112
Terraces	99.2	99.4	101.4	102.5	102.7	105.2	106.4	109.3	111.8	114.6	116.5	118.8	119.6	119
Houston														
One-family	99.5	99.7	100.8	102.1	102.6	103.2	104.5	105.4	106.6	107.1	108.8	109.5	110.0	110
Two-family	99.5	99.7	100.9	102.2	103.4	104.5	105.2	106.0	106.9	107.6	107.8	108.4	108.9	109
Four-family and apartments	99.7	99.8	100.4	102.4	102.7	103.5	104.3	105.0	105.7	106.4	107.0	107.2	107.9	108
Indianapolis														
One-family	99.6	100.1	100.3	101.3	102.9	103.8	104.6	105.3	105.8	109.3	114.5	115.1	118.8	115
Two- and Four-family	99.4	100.2	100.4	100.9	102.9	104.5	106.4	107.9	109.1	113.4	117.0	120.5	120.4	120
Apartments	99.2	99.5	101.3	102.6	103.9	104.0	106.3	108.3	109.6	110.5	111.0	113.1	113.1	112
Other	98.8	100.6	100.6	101.2	103.7	103.7	103.7	104.8	105.5	106.8	112.8	115.5	115.8	113
Kansas City														
One-family	99.6	100.0	100.4	100.4	101.0	101.7	101.9	101.6	101.8	103.4	103.8	104.5	104.5	105
Two-family	99.8	99.9	100.3	101.1	101.1	100.9	101.8	102.0	102.0	102.8	102.8	103.9	104.0	103
Four-family	100.0	99.7	100.3	100.8	101.0	100.9	101.2	102.6	103.0	103.1	103.6	107.2	107.2	107
Apartments	99.7	99.6	100.7	100.9	100.9	101.0	101.5	103.9	104.0	104.0	104.9	107.0	106.9	107
Los Angeles														
One-family	99.7	100.0	100.3	101.6	103.2	104.3	105.4	107.2	111.4	113.6	115.2	116.9	116.7	117
Two-family	100.0	99.9	100.1	101.3	102.6	104.5	106.4	108.3	112.1	113.2	114.1	117.5	117.7	117
Four-family	100.0	100.0	100.0	102.0	103.3	104.7	106.1	107.7	112.0	114.0	115.1	117.0	117.1	117
Apartments	100.1	99.9	100.0	101.6	103.0	104.4	104.9	105.1	108.8	109.8	109.9	110.9	111.2	111
Bungalow Courts	99.7	100.1	100.1	100.7	101.1	102.8	104.4	104.6	106.5	108.4	110.1	110.7	111.3	111

City	1935 Mar.	1935 July	1935 Oct.	1936 Jan.	1936 April	1936 July	1936 Sept.	1936 Dec.	1937 Mar.	1937 June	1937 Sept.	1937 Dec.	1938 Mar.	1938 June
Memphis														
One-family	99	99	102	102	103	103	104	106	106	108	109	110	110	110
Two-family	99	99	102	103	104	105	106	109	109	110	111	115	116	115
Four-family	99	99	102	102	103	103	103	108	109	108	108	118	118	117
Apartments	99	100	101	101	101	101	101	106	106	106	106	115	115	115
Minneapolis														
One-family	100	100	100	101	101	103	104	105	105	107	109	110	110	111
Two-family	100	100	100	101	101	102	104	105	105	108	111	112	112	113
Four-family	99	100	101	101	101	102	104	106	106	107	111	111	111	112
Apartments	100	100	100	100	101	101	104	106	106	107	111	113	113	113
Mobile														
One-family	100.0	99.9	100.1	100.7	100.5	100.3	100.3	102.3	102.5	102.5	102.8	106.4	106.6	107
Other (2)	99.9	99.8	100.3	100.2	100.2	100.2	100.2	101.6	101.5	101.7	101.7	104.9	105.1	105
New York City														
One-family	100	100	100	100	100	100	100	101	101	101	101	102	102	102
Two-family	100	100	100	100	100	100	101	101	101	101	102	103	103	103
Three- and Four-family	100	100	100	100	100	100	100	101	101	102	103	103	104	104
Apartments	100	100	100	100	100	100	100	101	101	102	102	103	104	104
Other	100	100	100	100	100	100	100	101	102	102	102	103	103	103
Philadelphia														
One-family	100.1	99.9	100.0	100.1	100.2	100.6	100.9	101.5	102.0	102.7	103.5	104.5	104.9	105
Two-,Three-,and Four-family	99.9	100.0	100.1	100.7	101.1	101.4	101.7	101.8	102.3	102.8	104.0	105.3	105.5	106
Apartments	100.1	99.9	100.0	100.3	100.3	100.3	100.5	100.7	101.1	102.0	102.9	103.2	103.6	104
Other	100.1	100.1	99.8	99.6	99.9	100.3	101.6	101.6	101.6	101.6	103.2	104.6	104.7	105
Pittsburgh														
One-family	100	100	100	101	101	104	104	104	104	109	109	109	110	111
Two-family	99	100	101	101	101	104	104	104	104	110	110	110	110	112
Three- and Four-family	98	101	101	102	102	104	104	104	104	109	109	109	109	110
Apartments	100	100	100	100	100	104	104	104	104	107	107	107	107	110
Other	99	101	101	102	102	106	106	106	106	110	110	110	110	112
Portland, Oreg.														
One-family	98.5	99.2	102.3	102.8	104.2	107.2	109.3	111.5	113.1	115.4	119.5	120.5	120.7	120
Apartments	99.7	99.3	101.0	102.8	103.7	104.5	110.5	112.8	115.7	117.6	122.7	124.2	123.9	124
Other (3)	100.1	100.0	99.3	99.0	100.6	101.0	102.1	103.9	104.4	110.9	114.8	115.8	116.4	117
Richmond														
One-family	99.8	99.8	100.4	100.5	100.4	100.5	101.6	101.6	101.6	101.7	103.6	104.0	104.2	104
Two-family	100.2	99.9	100.0	100.0	99.9	100.0	101.7	101.9	102.2	102.6	104.4	104.5	104.6	105
Four-family	99.4	99.4	101.2	101.2	101.2	101.2	105.8	106.4	106.7	107.9	111.8	112.5	112.2	112
Apartments	99.2	99.3	101.5	101.6	101.7	101.7	105.6	105.7	105.8	105.9	107.6	107.6	107.9	108
Other (4)	100.0	100.0	99.9	100.8	100.8	101.1	101.2	101.3	101.3	102.8	103.4	103.4	103.4	104
St. Louis														
One-family	100.0	100.0	100.0	100.0	100.3	100.5	100.6	100.9	101.6	102.5	103.3	103.4	103.5	103
Two-family	100.0	99.9	100.0	100.1	100.3	100.4	100.7	101.0	101.8	102.7	103.2	103.4	103.4	103
Four-family	100.0	99.8	100.2	100.1	100.4	100.5	101.0	101.3	101.4	103.2	104.7	105.2	105.5	105
Apartments	100.0	100.0	100.0	100.1	100.4	100.3	100.3	100.8	101.1	101.9	102.7	102.8	102.7	102
Other (1)	99.0	100.5	100.5	100.5	100.5	100.6	100.6	100.6	102.9	105.2	105.2	105.2	105.2	105
Seattle														
One-family	99.8	99.8	100.4	100.6	101.2	103.2	104.8	106.0	107.3	109.6	113.5	114.4	115.1	115
Two-family	100.0	100.0	100.0	100.0	99.4	101.2	101.7	101.7	103.1	105.6	106.3	109.1	110.6	112
Apartments	99.8	99.8	100.4	100.5	100.8	101.5	103.5	104.6	107.4	107.9	118.0	118.3	118.5	119
Washington, D. C.														
One-family	100.0	100.0	100.0	100.3	100.3	101.2	101.5	101.7	102.0	102.5	102.8	103.0	102.9	103
Two-family	100.0	100.0	100.0	100.1	100.6	100.9	101.1	101.7	101.5	101.6	102.2	102.6	102.8	102
Three- and Four-family	99.8	99.9	100.3	101.0	100.7	100.7	100.5	102.4	102.4	102.5	102.8	103.1	103.3	103
Apartments	99.8	99.9	100.3	100.9	101.0	102.0	102.4	103.2	103.4	103.5	103.6	103.3	103.3	103
Other	99.8	99.8	100.3	100.2	101.1	101.1	101.6	102.5	102.7	103.3	104.0	103.3	103.8	103

NOTE: THESE FIGURES ARE CHARTED ON PAGE 1081

(1) Predominantly three-family dwellings; (2) Two- and four-family dwellings and apartments
(3) Two- and four-family dwellings; (4) Includes three-family dwellings



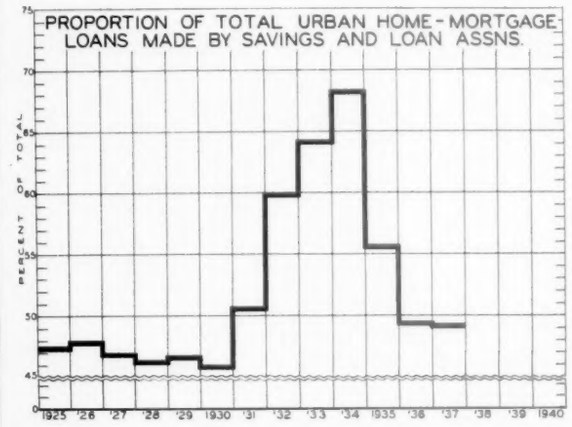
THE chart above shows the "money in use" per capita in the United States from 1860 to the present. The black portion of the bars at the bottom of the chart shows the actual currency, while the grey portion above shows the bank deposits, which from the standpoint of "doing money work" are the same as currency.

By 1933 the shrinkage of bank deposits had reduced the currency and bank credit per capita by almost a third in comparison with 1928. This shrinkage in the volume of "usable money" coming at a time when a lack of business confidence was causing a slowing up in the rate at which money was changing hands, increased its value, and caused prices to drop. Since then, many inflationary steps have been taken, and currency and credit are now 31% greater than they were in 1933, and less than 8% below the peak of 1928.

Lack of confidence still continues as evidenced by the low rate of speed at which currency and credit are changing hands. Bank deposits are revolving in New York City at a rate 18% of the 1929 rate, and in other cities at 46% of 1929. If, as, and when, a high degree of business confidence returns, bank deposits per capita will jump to new highs at the same time that the rate of turnover of bank deposits increases. This will result in rapid price increases, thus making most of our inflationary measures effective at that time.

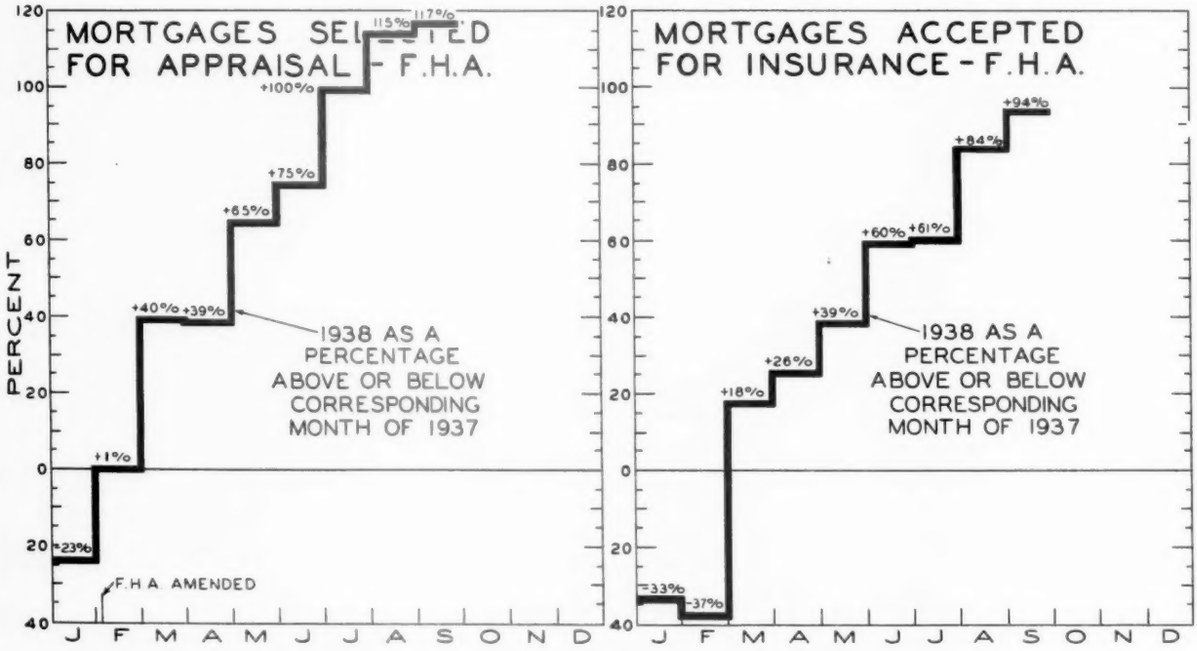
The early period of inflation will be beneficial for real estate. How the later period fares depends on how far inflation goes. All investments lose if inflation goes too far.

LOANS BY SAVINGS AND LOAN ASSOCIATIONS



THE chart to the left shows the proportion of total urban home mortgage loans made by saving and loan associations each year from 1925 through 1937.

It will be noticed that before the depression saving and loan associations did from 45 to 48% of the business. During the most severe period of the depression many of the other lending agencies were entirely out of the market, and in 1934, 68% of the total urban home mortgages were made by the savings and loan associations. As conditions improved, however, other lending organizations re-entered the field, reducing the percentage of the savings and loan association loans. In 1937, however, their loans formed a greater percentage of the total than they did before the depression. The 1938 percentage will probably be lower because of the inroads of FHA financing.



F.H.A LOANS ARE STILL INCREASING

MORTGAGES selected for Appraisal" represents the first step in the selection of mortgages for insurance by the FHA. "Mortgages accepted for Insurance" represents the final step. The charts above show the months of 1938 as percentages above or below the corresponding months of 1937. It will be noticed that each month has increased the percentage above a year ago. As most insured loans are made for new residential building, these charts would indicate that the improvement there would continue for some time.

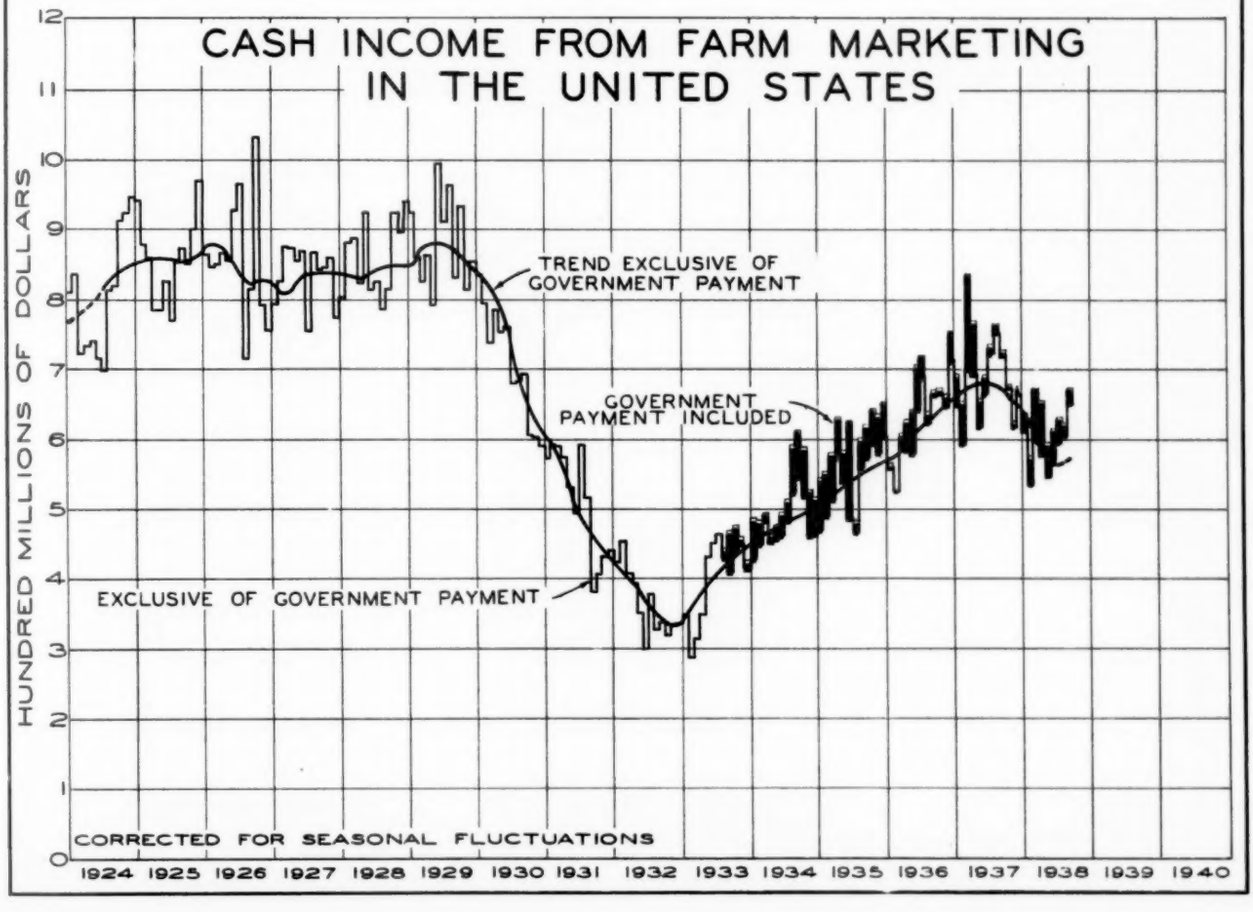
THE OUTLOOK FOR FARM REAL ESTATE IN 1939

THE chart at the bottom of the page shows the cash income from farm marketing by months from 1924 to the present. The monthly figures have been corrected for seasonal fluctuations. The heavy line running through the chart shows the trend of cash income received from all sources other than from government payments. The red shaded area from 1933 on, shows the extent of government payments. These figures have also been adjusted for seasonal fluctuations.

It will be noticed that from the middle of 1929 to the end of 1932, the trend had declined from more than $875,000,000 per month to around $340,000,000 per month. Then the long rise started, reaching the peak in 1937, and practically doubling the low of 1932. Since then, cash income has again been declining, having dropped slightly more than 16% during the past year.

It is believed that it will trend upward during the balance of 1938 and 1939, but we doubt whether 1939 will average as well as 1937.

As values of farms bear a very definite relationship to the net income produced on farms, the fact that 1938 will average below 1937 will probably prevent any great rise in farm values during the first half of 1939. According to the figures prepared by the United States Department of Agriculture, there was no change on the average in the United States in farm values in the past year.



REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

1933 TO 1938

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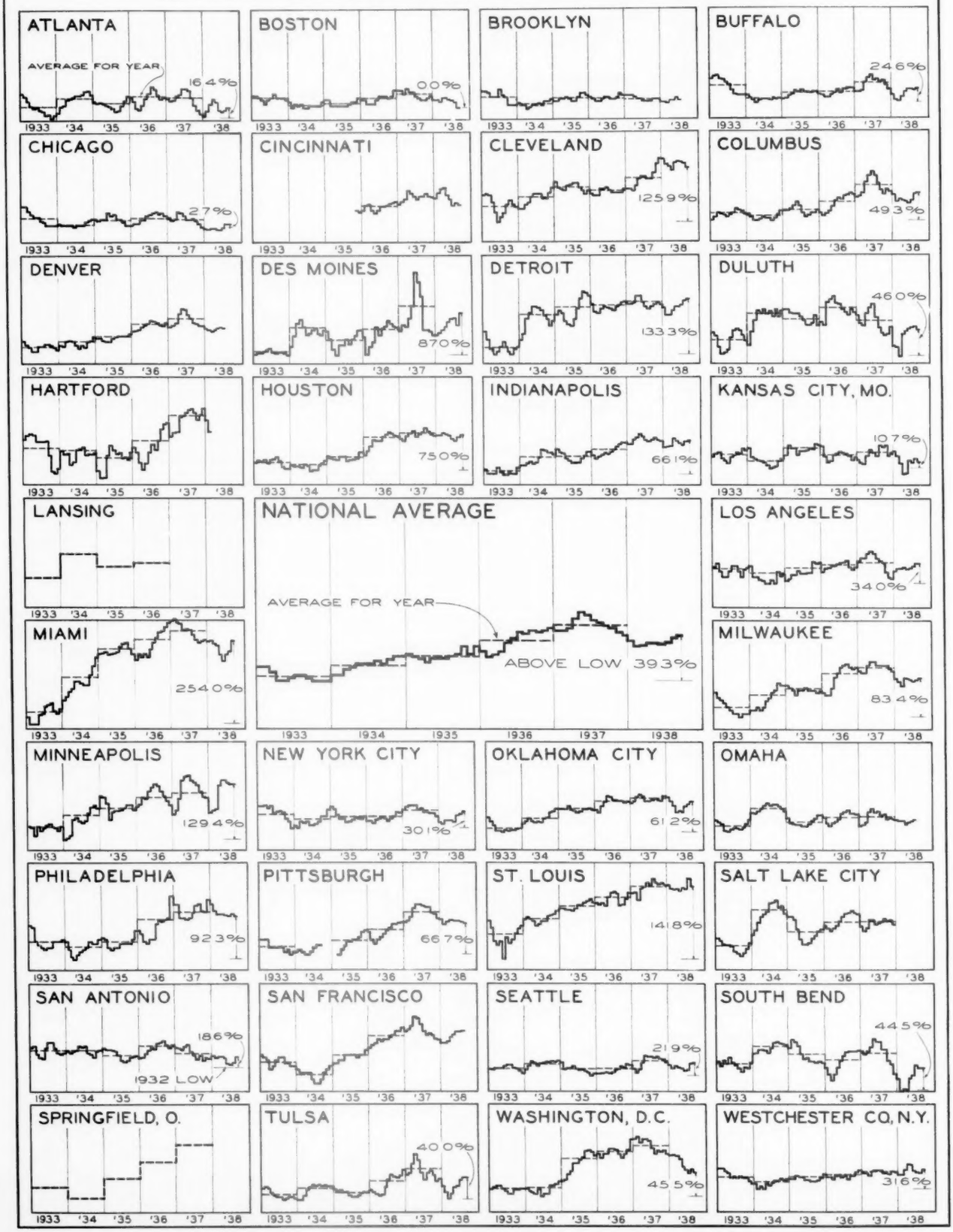
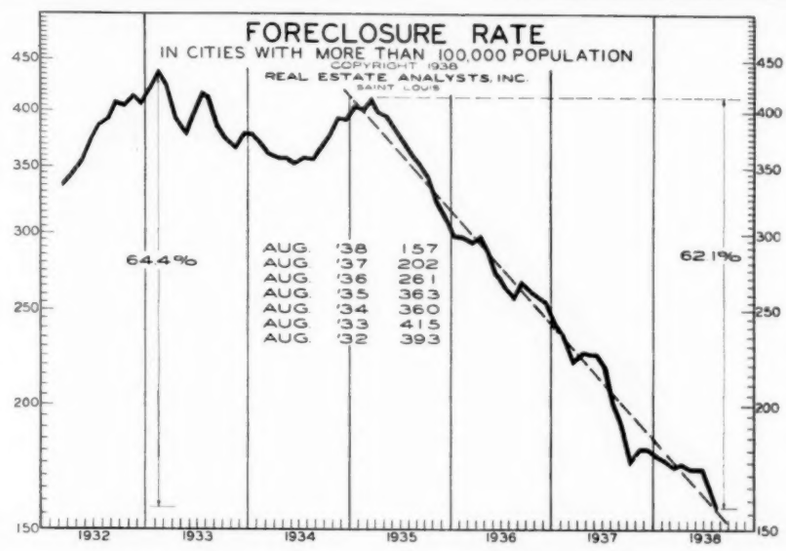
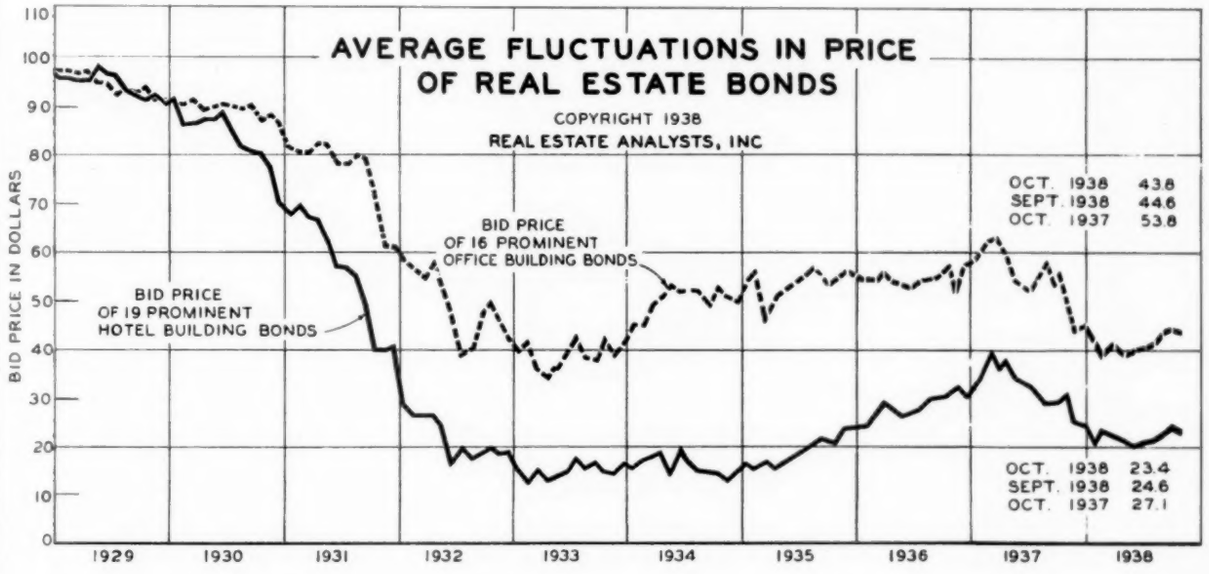




THE chart to the left shows the monthly fluctuations in the foreclosure rate in cities having more than 100,000 population. This chart is corrected for seasonal fluctuation and is based on the compilations made by the HOLC. The dashed line shows the trend at which foreclosures have been dropping for the past four years. The figure for August, which is the last figure available, is the lowest since February, 1929, eight months before the stock market collapse. It is 64.4% below the all-time peak of 1933.



THE chart above shows the average fluctuations in the bid prices of office and hotel building bonds. The trend of both office building and hotel building bonds turned downward during the war scare. The buildings used are only those on which quotations can be secured monthly. The office building list includes the following: Broadway Motors, Bryant Park, Bush Terminal, Carbide and Carbon, Chesebrough, Chrysler, Cleveland Terminal, Equitable (N. Y.), Graybar, Grant, Liggett, One LaSalle Street, Postum, Textile, Wanamaker (Phila.), Woodbridge. The hotel list includes the following: Bowman-Biltmore, Eastern Ambassador Hotel, Eppley Hotels, George Washington Hotels, Hotel Lexington, Hotel Sherman, Hotel St. George, LaSalle Hotel, Lord Baltimore, National Hotel of Cuba, Palace Hotel (San Francisco), Park Central Hotel, Pitts Hotel, Savoy-Plaza, Sevilla-Biltmore, Sherry-Netherland, Stevens Hotel, Waldorf-Astoria.